UNIVERSITY OF OXFORD

GLOBAL HISTORY OF CAPITALISM PROJECT

OXFORD CENTRE FOR GLOBAL HISTORY

Case Study #23 **January 2022**

The Alaskan fur rush and the Russian-American Company

Introduction

On 18 July 1803[1], Russian Navy Lieutenant Nikolai Aleksandrovich Khvostov, commander of the *Sv Elizaveta*, faced a critical peril, threatening shipwreck. Having left Kodiak Island in what is now Alaska, bound for the port of Okhotsk, the *Elizaveta* carried for the Russian-American Company (the Company) an enormous cargo comprising more than 16,000 sea otter skins, some 10,000 fox skins, 8,000 sables, and a small number of other furs, a cargo that was worth about 1.5 million roubles[2].

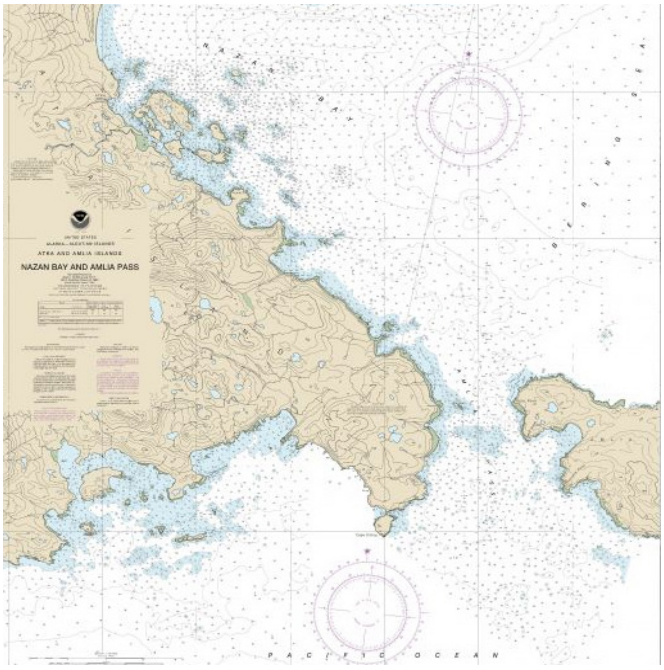

Figure 1. Detail from US National Oceanographic and Atmospheric Administration, **Nazan Bay and Amlia Pass***, NOAA Chart 16490, https://charts.noaa.gov/PDFs/16490.pdf . Atka Island is to the left, and Amlia to the right. The Amlia Pass is the gap between them. It is a bit less than one nautical mile wide.*

Sv Elizaveta was a clumsy, poorly built craft and its crew was a riff-raff of fur trappers, exiles, and convicts, not Navy sailors. Like many ships of the era, it was square-rigged and consequently, unable to sail close to the wind. Passing along the southern side of the Aleutians, the chain of islands that lies between the Alaskan mainland and the Kamchatka Peninsula on the Russian Far East seaboard, Khvostov feared that strong, steady southerly winds might drive him onto the rocks. For days he had searched for a gap through which to pass to the relative safety of the islands' leeward side. Now, his position was too close to the islands of Atka and Amlia for him to manoeuvre either far enough east to round Amlia, or west to round Atka. Khvostov dropped anchor to wait for more favourable winds but the seabed was too sandy, and the winds and currents were threatening.

If Lt Khvostov ran aground at this spot, he could probably save most of his crew but would lose the ship and cargo, and with them a large fraction of the Company's revenue for the year. A powerful southerly squall forced Khvostov to a decision. He chose to gamble that he could steer through a gap perhaps a mile wide between the two islands, now known as the Amlia Pass. As he neared the opening, foam appeared on the surface just at its narrowest part. Khvostov had no way of knowing whether that signified a cross-current, shallow rocks, or some other hazard. Modern charts warn of a reef that reduces the width of the navigable channel to 400 yards[3]. According to the account of his second-in-command, Midshipman Gavriil Ivanovich Davydov[4], *Sv Elizaveta* shot the gap at 8-1/4 miles per hour (just over seven knots), augmented by a current of six to eight miles per hour (approximately 5-1/4 to seven knots), terrifying in a ship that typically made no more than three or four knots.

This case study was prepared by Dr Jonathan Tiemann, Tiemann Investment Advisors. Case study editor: Professor Christopher McKenna, University of Oxford.

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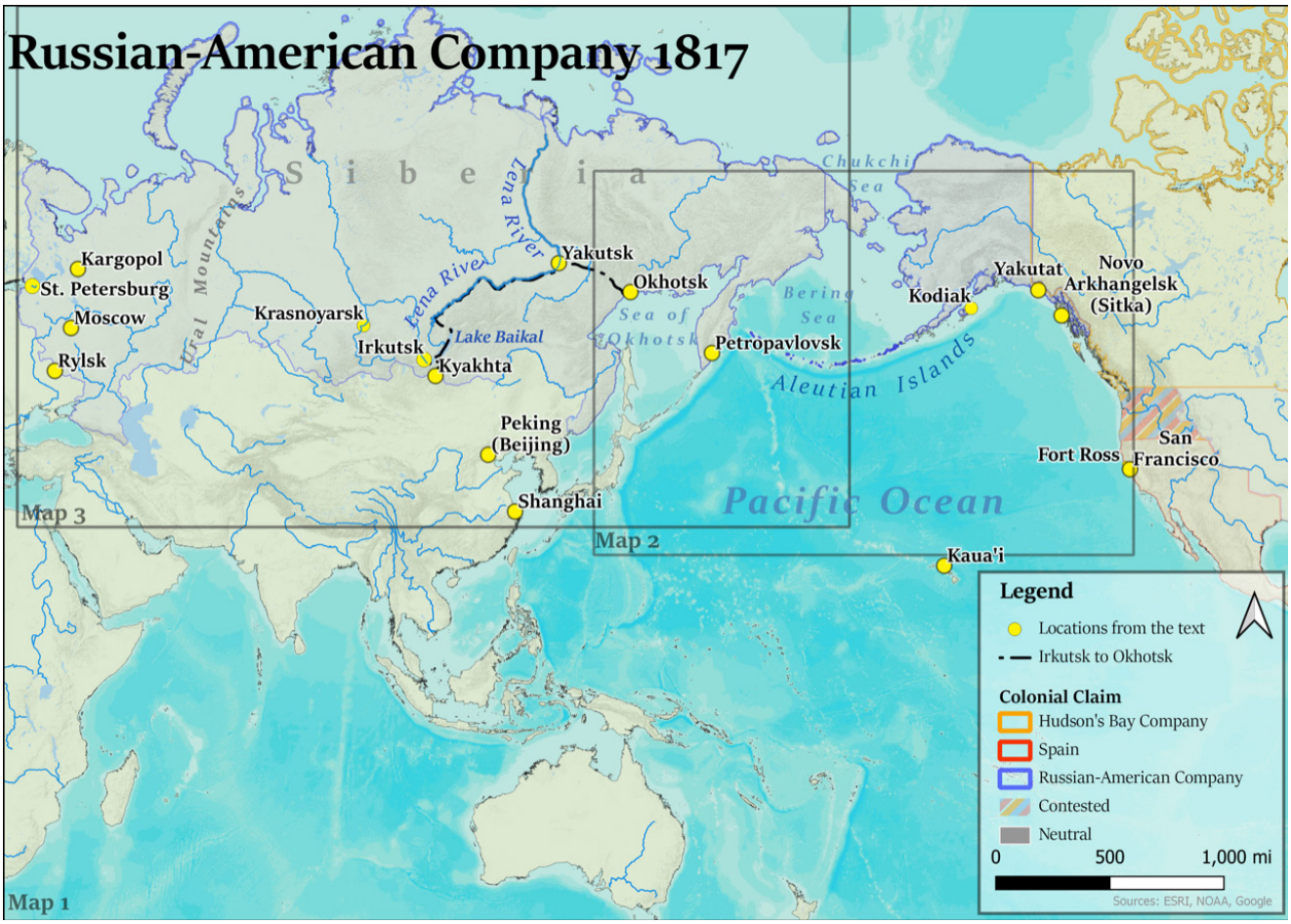
Once through to the leeward side, Khvostov ordered his crew to set their topgallants and take the reefs from their topsails, and continued for Okhotsk. Partly on the strength of the Lieutenant's sailing skill, the Russian-American Company posted a return on invested capital of 30% for 1803, up from 11.5% the previous year[5].

The Fur Trade at Kyakhta

Khvostov's cargo was the harvest of two or three seasons' fur trapping and trading by the Russian-American Company, mostly along the southern coast of Russian America (Alaska). The Company's General Manager at Kodiak, Aleksandr Andreyevich Baranov, held the furs in his warehouse there, waiting for a ship capable of transporting them back to Okhotsk. The principal market for the furs was not in Russia, but in China. After the sea voyage to Okhotsk, the furs travelled by trains of packhorses, over the Stanovoy Range to Yakutsk in the Siberian interior.



Map 1: The Russian-American Company at its maximum extent, 1817. Map by Jake Chila.

There, the furs were transferred to boats or, in winter, horse-drawn *troikas* or sleighs, for the journey up the River Lena, towards Irkutsk. Finally, they either crossed or went around Lake Baikal and made for Kyakhta, a trading post in the River Selenga basin, on the frontier between Siberia and Mongolia. There, Russian traders sold the furs to their Chinese counterparts in exchange for cotton cloth, silks, porcelains and other goods; their principal object of desire – and profit – however, was tea, which was in increasingly high demand in Russia, just as it was in other parts of Europe. The newly bought goods then travelled by river, road, or sleigh back across Siberia, over the Ural Mountains and on into European Russia, to markets such as Moscow and St Petersburg.

The fur trade with China was the economic engine of Siberia. Sino-Russian treaties of the early 18th century had settled much of the southern boundary of Asiatic Russia and in 1728, Kyakhta (on the Siberian side of the frontier) and Maimachin (its Chinese counterpart on the Mongolian side) had been established as the principal emporiums for trade between the two countries. For a time, the Qing rulers also permitted a Russian caravan to reach Peking (Beijing) every three years, and the caravanserai there included a Russian Orthodox church, priests, and scholars. The last caravan went to Peking in 1755. After that, the vast majority of the trade took place at Kyakhta[6].

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Unlike the Spanish, who could purchase Chinese goods with silver from their mines in South and Central America, the Russians had little hard currency, so they bartered with furs instead. Initially, these came from within Siberia, where an abundance of sables, foxes, ermines, and other fur-bearing animals attracted a class of independent, backwoods fur-trappers called *promyshlenniks*. Most of these traded the hardships of Russian peasant life for the rigours of the Siberian winter. Some were exiles sent to Siberia by judicial decree, and allowed to live freely so long as they did not return to Russia. All hoped to profit in furs.

Figure 2: A block of tea, compressed for preservation and shipment. Photographed by author in the Magazin *(storehouse) at Fort Ross State Historic Park, Sonoma County, California. Image: courtesy of Fort Ross Conservancy.*

The fur trade also drew merchants to Siberia. They spent much of the trading season in Kyakhta, but the hub of Siberian mercantile activity was in Irkutsk, about 200 miles to the north-west, on the other side of Lake Baikal. Irkutsk was the entrepôt at which they gathered manufactured goods from Europe and furs from parts north and east, to make into parcels for trade at Kyakhta.

The Russian Maritime Fur Trade

In 1725, Peter the Great commissioned Vitus Bering, a Dane serving with the Russian Navy, to head the First Kamchatka Expedition. Between 1725 and 1731, Bering explored Siberia and the Russian Far East by land and sailed into the strait that now bears his name, to determine whether any land connection existed between Asia and America. He never saw the North American mainland, but he correctly concluded that the Bering Strait separates the two continents.

In 1733, Bering began a second journey, the Great Northern Expedition. After several years of land exploration, he reached the eastern coast of the Kamchatka Peninsula. There he built two ships and in 1741, he continued the expedition by sea. Bering's ship was the flagship, the *St Peter*, and the second, the *St Paul*, sailed under the command of Aleksei Ilyich Chirikov. Bering named the harbour from which they sailed Petropavlovsk, after the same two saints.

The two ships became separated in fog, never to reconnect. The *St Peter* reached Kayak Island, in the Gulf of Alaska but contrary winds played havoc with its return. Late in the sailing season, short on water and provisions, and with several of the crew having perished from scurvy and more suffering from it, the ship reached Bering Island, some 100 miles east of Kamchatka. Wind and tide drove the ship onto the rocks, wrecking it, and Bering, critically ill, died there in December 1741.

The remnants of the *St Peter's* crew wintered on Bering Island. Among them was the German naturalist Georg Steller, who had signed on with Bering as a mineralogist and physician. His identification of antiscorbutic plants enabled Steller to nurse many of the crew back to health. He also found key food sources, including two important marine mammals: a gigantic, slow-moving herbivore now known as Steller's sea cow, and the North Pacific sea otter, both abundant on the island at the time. The crew ultimately built a small ship from the wreckage of *St Peter*, in which they returned to Kamchatka, in the summer of 1742[7].

Chirikov fared better in the *St Paul*. He reached the north-west coast of North America, probably somewhere in the Alexander Archipelago of south-eastern Alaska. The only practical way to survey such a complex coastline, with its many islands, inlets, and fjords, is to launch boats carrying small crews. During these explorations Chirikov lost both of his ship's boats with their crews, thought to have run afoul of hostile natives.

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With no remaining boats, Chirikov could no longer replenish his water and provisions, so he returned directly to Kamchatka. His visit to Alaska had been a fruitful one, however. He brought back with him some 900 sea otter skins – the thickest, sleekest, blackest, most luxurious, and most valuable of all furs – that enriched himself and many members of his crew[8].

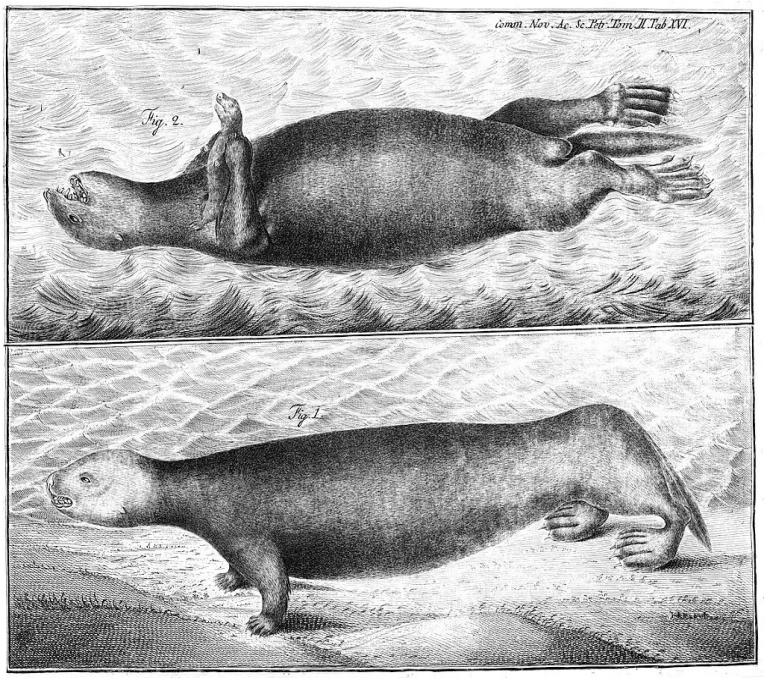

Figure 3: Sea otter, walking on land (bottom), sea otter, swimming on its back (top). Illustration from Georg Wilhelm Stellero (1751). 'De bestiis marinis'. Novi Commentarii Academiae Scientiarum Imperialis Petropolitanae *2: 289-398.* Petropoli: Typis Academiae Scientiarum*., Tab. XVI. Image: public domain, via Wikimedia Commons.*

The arrival of Chirikov with his cargo of furs was timely. By 1740, over-hunting had seriously depleted Siberia's populations of fur-bearing animals, jeopardising the economy of the region. At times, Irkutsk merchants resorted to buying furs from the Hudson's Bay Company in London, and transporting them to Kyakhta. With his sea-otter skins, Chirikov brought hope of a source of furs that could reinvigorate the Kyakhta trade.

The first to follow Chirikov in pursuing maritime furs was probably Yemelyan Basov, a Sergeant in the Nizhnekamchatsk (Lower Kamchatka) Command. He built a ship in partnership with Moscow merchant Andrei Serebrennikov and set sail eastward in the summer of 1743[9].

Kamchatka was not an ideal place to build a ship. There was sufficient wood but limited shipbuilding expertise, and essentials such as rope, sails, armaments, and iron for anchors all had to come overland from Yakutsk. Iron was particularly scarce, so the ships were partly held together with leather thongs. Basov's ship, which he named the *Kapiton*, was of a type called a *shitik*, a small, unreliable, keeled craft, with a broad bottom.

Basov landed on Bering Island, possibly relying on Steller's account of the abundance of sea otters there. He spent the winter trapping there and then returned to Kamchatka. He made several more journeys in the 1740s, mostly to Bering and its neighbour, Medny (Copper) Island, and brought back skins of sea otters, fur seals, and blue foxes.

Basov's success set a pattern that persisted for decades. An entrepreneur, usually a Siberian *promyshlennik* but sometimes a merchant, would form a trading company to mount a fur-gathering venture, often tapping Irkutsk merchants for capital. As a result, Irkutsk, well over 1,000 miles inland, became a hub for pooling both capital and risk for these maritime ventures – arguably turning its mercantile community into something of a Siberian Lloyds.

Capital secured, the trading company would build a ship, usually a *shitik*, while the entrepreneur recruited *promyshlenniks*, who doubled as sailors aboard ship, and hired two more experienced seamen, a Navigator and a Clerk, to manage the handling of the ship at sea. The investors bore the financial risk, but everyone involved had a stake. A venture with a typical complement of 40 trapper-sailors might distribute half of its proceeds to the investors and the other half in the form of 46 shares: three for the Navigator, two for the Clerk, one for the Church or school in the entrepreneur's community, and one for each *promyshlennik*[10].

The capital to build, equip, and launch a ship for such a venture ranged from 15 to 30,000 roubles but as shipwrecks were common, many were total losses. Those ventures that were successful, however, could return multiples on their original investment. Indeed, a few notable expeditions returned with cargoes of furs worth hundreds of thousands of roubles.

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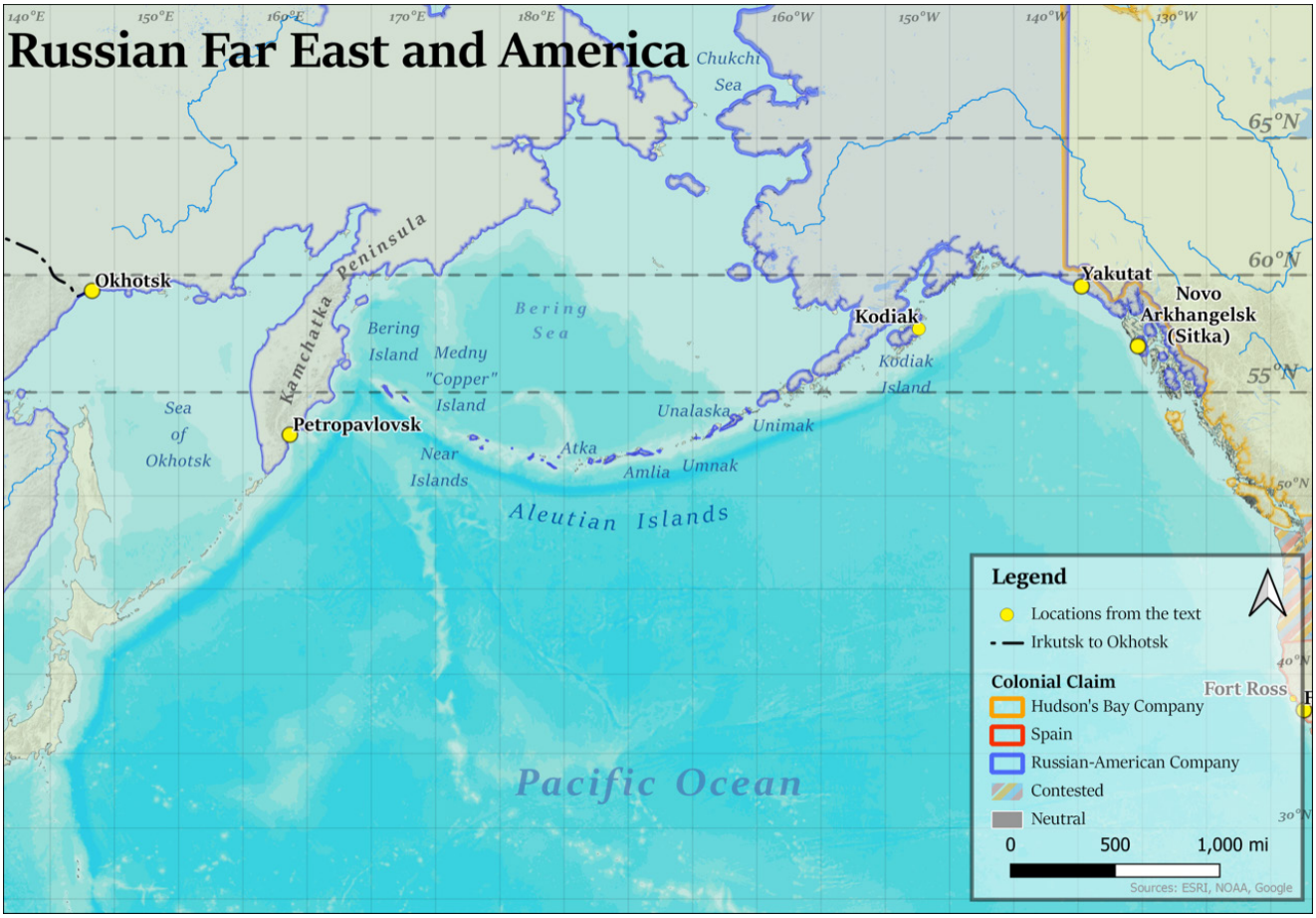
Competition and over-hunting quickly depleted the populations of fur-bearing animals on Bering and Medny Islands, however, forcing Basov's successors further afield. Some moved south-westward along the Kuril Islands, towards Japan. Most, however, sailed eastward, along the Aleutians. The sailing season at such northerly latitudes is terribly short. Ships often sailed from Kamchatka or Okhotsk in August, arriving after a few days at Bering Island. There they halted for the winter, trapping for what furs they could and laying in provisions for their onward voyage the following year.

The first destination east of Bering and Medny Islands (which remain part of Russia today), was the Near Islands subgroup, the western-most part of the Aleutians proper (now part of the United States (US)), nearly 200 miles from Medny. There the trappers persisted in over-hunting, forcing subsequent expeditions still farther east along the Aleutian chain. By 1760, Russian trappers had progressed eastward to the Adreanof subgroup, including Lt Khvostov's would-be nemeses, Atka and Amlia.



Map 2: The Russian Far East and America. Map by Jake Chila.

The Fox Islands, the largest of the Aleutians, lie closest to the Alaskan mainland. The largest of these are Umnak, Unalaska, and Unimak. The pioneer fur-trapper in these islands was Stepan Glotov, who sailed from Nizhnekamchatsk on 2 September 1758, wintered at Bering Island, sailed east from that place on 1 August 1759, and landed on Umnak on 1 September. He spent three winters there, returning to Kamchatka with a large cargo, of mostly foxes, on 31 August 1762.

As the volume of furs returning from Alaska increased, the Russian mainland base of the maritime fur trade shifted from Petropavlovsk and Kamchatka to Okhotsk, a small port on the northern side of the sea of the same name. This significantly shortened the overland journey to market in the interior.

The early, private ventures of the 1740s and 1750s provided the Russian Crown and Government with welcome revenue in the form of a duty of 10% on the cargo. Otherwise, however, they did not attract much attention in St Petersburg.

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In 1762, after a long series of palace intrigues, Catherine the Great acceded to the throne. At first, she showed little interest in the Russians exploring the Aleutian Islands, but she eventually sent a summons to Okhotsk, for one of their number to wait on her at St Petersburg. Vassily Shirov, a merchant from Great Ustyuzh, perhaps glad to return to Europe, responded by arriving at court in 1767. After hearing his report, the Empress gave him various rewards and relieved him of obligations for taxes and civil service, citing his 'zeal to collect new islands for Kamchatka'[11].

Generally, however, Catherine the Great took a hands-off approach to Russian America, preferring to pay closer attention to her European rivals. Some of these seemed more interested than she in the Russians' activities in America. Spain, perhaps concerned that the Russians might push southward, became more serious about settling Upper California and established a *presidio* (fort) at San Francisco in 1776. The great English explorer Captain James Cook, meanwhile, visited Alaska in 1778, and in 1780, the English historian and priest William Coxe published a long account of the Russian maritime fur trade, compiled from German and French sources[12], alerting the rest of Europe to the Russians' activities, while taking care to flatter Catherine in his preface.

As the fur-trappers pressed eastward, they extended their expeditions, over-wintering for three, four, or more years at a time before returning to Siberia. Once they reached the Fox Islands, they also began to encounter larger native populations. (The Russians referred to these peoples, whether Aleut, Chugash, Tlingit, or others, simply as 'Americans'. From the 1780s onwards, they called people from the fledgling US 'citizens of the United States', or 'Bostonians'.) Some resisted the Russians' encroachment on their hunting and fishing grounds. The longer expeditions, with larger complements of people to trap and trade for furs, as well as suppress the natives by force, required larger commitments of capital. Accordingly, the number of ventures dwindled.

Grigory Ivanovich Shelekhov and the Creation of the Russian-American Company

Grigory Ivanovich Shelekhov, a merchant from Rylsk, launched his first American expedition in 1777, in partnership with a Yakutsk merchant named Pavel Lebedev-Lastochin and by 1783, he had established a settlement on Kodiak Island, probably the first permanent Russian settlement in North America. He parted ways with Lebedev-Lastochin that same year, when the latter launched an independent expedition and established settlements around Prince William Sound, overlooking Chugach Bay, east of the Kenai Peninsula.

The last private Russian fur-trapping venture to America was launched in 1792, by an Irkutsk merchant named Kisilev[13]. With no skilled navigator available, the account of his voyage reads a bit like *The Hunting of the Snark* but on finally reaching his destination, Kisilev traded mostly along the Aleutians. By 1795, only the firms of Shelekhov, Lebedev-Lastochin, and Kisilev remained active in the Russian maritime fur trade[14].

Shelekhov was the best politician of the three. He travelled to St Petersburg in 1788 to seek the patronage of Catherine the Great. The Empress declined, but circumstances changed quickly over the next few years. European rivalries were playing out with increasing heat on the north-west coast of North America, where Britain, France, and Spain all asserted economic and territorial interests. Private traders from New England in the newly-independent US offered stiff competition, both in procuring furs in America and selling them in China. Shelekhov returned to St Petersburg in 1793, this time gaining the support of the Empress's powerful consort, Platon Zubov, for a plan to strengthen Russia's control over its American interests, a move that also entrenched Shelekhov's dominance in the fur trade. He promised to augment his colony with settlers, craftspeople, families, and priests and Catherine approved the plan.

Shelekhov left St Petersburg in January 1794, accompanied by eight monks of Valaam led by a scholarly missionary, Archimandrite Ioasaf Bolotov. They and a party of settlers recruited in Irkutsk — mostly exiles who had been sent to Siberia for a variety of offences — sailed from Okhotsk on 13 August, arriving at Kodiak on 24 September. By the following spring, the Archimandrite realised that Shelekhov had misrepresented the situation on Kodiak and wrote a bitter letter to the venturer in which, after expressing satisfaction at his success in baptising natives, he complained about the miserable conditions and even worse conduct of the Russians[15].

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Map 3: Continental Russia and neighbouring regions. Map by Jake Chila.

Zubov also sent his own representative to Shelekhov's headquarters in Irkutsk. This was Nikolai Petrovich Rezanov[16], a nobleman who, through long and weary dances, had become one of Zubov's key aides and whose father, whom he had not seen for many years, happened to be a judge in Irkutsk. Rezanov did not leave St Petersburg with Shelekhov, but followed him to Irkutsk a few months later[17].

The two men formed a strong alliance during the winter of 1794-5. They almost certainly travelled together to the annual winter market in Kyakhta, where Rezanov could witness first hand, the mechanics and dynamics of the trade there. Their alliance was strengthened further in January 1795, when Rezanov, at the age of 32, married Shelekhov's 14-year-old daughter, Anna Grigoriyevna Shelekhova. The dowry made Rezanov a major shareholder in Shelekhov's company, and a wealthy man.

Shelekhov had three other main partners. Two were brothers, Ivan and Mikhail Golikov, one a convicted embezzler and the other a tax delinquent. His most important partner, though, was his wife, Natalia Shelekhova. While her husband travelled the length of Russia, from St Petersburg to Kodiak, Shelekhova remained in Irkutsk, co-ordinating business activities, making day-to-day decisions, keeping records, and generally maintaining order.

Shelekhova showed her acumen and toughness in the summer of 1795. Her daughter and new son-in-law had left Irkutsk for St Petersburg shortly after their wedding. At the end of June, her husband fell ill with ambiguous symptoms reminiscent of both typhus and of some kind of poisoning. He died on 20 July. Armed with Shelekhov's carefully drawn-up will, her own knowledge and skill, and now a family member well-placed at court in St Petersburg, she successfully defended the firm against the inevitable attacks from detractors and competitors.
Back in St Petersburg, Rezanov lobbied the Empress for an Imperial charter to protect and expand the company's privileges. He urged Catherine to give her patronage to Shelekhov's company, in exchange for which it would extend the Empress's reach and control in North America. Rezanov secured her preliminary approval, although she resisted his wish that she grant the company a monopoly. Before she could finalise

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the charter, however, she died suddenly, on 6 November 1796, age 67.

Her successor, her son, Emperor Paul I, harboured a lifelong resentment against his mother, possibly because of what he considered to be her mistreatment and lack of regard for him. On his accession, Paul's first priority seemed to be to reverse as much of his mother's work as possible. While this created a challenge for Rezanov – he may have succeeded in lobbying Paul in part by complaining that Catherine had objected to monopolies – the latter did finally succeed in securing an Imperial charter for Shelekhov's firm. The charter included monopoly protection for a period of 20 years and so the Russian-American Company was formed.

Figure 4: Page from the Imperial Charter of the Russian-American Company, signed by Emperor Paul I, 27 December 1799. Archives of Foreign Policy of the Russian Empire. Source: Fort Ross Conservancy Library URL: http://www.fortross.org/lib.html. Digital content: courtesy of Fort Ross Conservancy.

The charter that Rezanov won describes a company designed partly in imitation of the East India Company and other state-sponsored monopolies of the era. It granted to the Russian-American Company the exclusive privilege to explore, discover, and exploit the territory in the North Pacific, above the 55th parallel, to manage and populate the territory, and even to conduct foreign trade and some limited foreign relations. The Company would essentially be a proxy government in Russian America and the charter included some surprisingly modern features. Shareholders could hypothecate their shares but while creditors taking possession against bad debts could collect future dividends, they could not liquidate the shares. In addition, members of the Board of Directors were not personally liable for their actions on behalf of the Company.

After the assassination of Emperor Paul I in 1801, his son, Alexander I, acceded to the throne. He not only reaffirmed the Company's charter, he also became a shareholder, and issued a special *ukase* or proclamation, permitting naval officers on half pay to work for the Russian-American Company without forfeiting their commissions. It was this *ukase* that enabled Rezanov to recruit Lt Khvostov and Midshipman Davydov to join the Company.

Operations in Russian America

Shelekhov was the founding spirit behind what became the Russian-American Company, and Rezanov its eyes, ears, and voice at the Tsar's court. However, the Company's operational genius was its general manager in America, Aleksandr Andreyevich Baranov. Born in 1746 in Kargopol, about 250 miles north of Moscow, Baranov moved to Irkutsk in his twenties, to seek his fortune. In 1789, he borrowed enough money to launch a fur-trapping venture in Kamchatka and on the Chukchi Peninsula. Baranov resisted several overtures from Shelekhov to join the Company but when a raid by Chukchi natives cost Baranov an entire season's furs, leaving him in debt, he allowed Shelekhov to pay off his creditors and engage him as general manager in Russian America. His initial term was for five years. He stayed for almost 30, by which time, he was more than 70 years old.

Unlike US and British traders who arrived on the north-west coast of America with cargoes of foodstuffs and manufactured goods to trade in exchange for furs, Baranov managed fur production directly. His resident *promyshlenniks* in America, together with squads of natives who they enticed or coerced into working with them, trapped for furs themselves, relying on the coastal natives' skill in building and

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Figure 5: A baidarka*, on display at Fort Ross State Park, Jenner, California. The craft is about 18 feet long. Image: by author.*

handling *baidarkas*, the long, sea-going kayaks that they used for fishing and hunting sea mammals.

Like his freelance predecessors in the Aleutians, Baranov moved eastward as overhunting depleted the fur-bearing animals in successive locations. From Kodiak, he moved east to Yakutat on the mainland and in 1799, he established the fortress of the Archangel Michael on what is now called Baranov (or Baranof) Island, on the Norfolk Sound and near the site of the current town of Sitka, Alaska.

Local Tlingit natives burned Baranov's fortress in 1802, forcing him to retreat to Kodiak Island, but he re-captured the Sitka site in 1805 with the aid of the guns of the Russian ship, the *Neva*, one of a pair of ships that formed Russia's first expedition to circumnavigate the globe. Baranov rebuilt his fort there, and called it *Novo Arkhangelsk* (New Archangel).

Issues of overhunting, and arson attacks aside, there were two chronic problems that Baranov had to manage during his tenure. Russian ships arrived only sporadically, so he had no reliable means of transporting his furs to market. This was why Lt Khvostov had to carry such a large cargo in 1803. Baranov also constantly had to scramble to supply his settlements. The natives were hunters and fishers, not farmers – agriculture was not viable here – and although they resorted to their nearby encampments in significant numbers, they did so only seasonally. To secure supplies for the settlements, Baranov traded with the Hudson's Bay Company, various US-based traders who frequented the north-west coast, and even Kamehameha, the Hawai`ian ruler who had recently consolidated control over most of the Sandwich Islands.

Baranov ran the Russian-American Company's outposts in Alaska as his personal fiefdom, which, in many ways, they were. He developed a reputation as a kind of hospitable autocrat and a canny negotiator. Primary evidence of his true character is scarce, but his interactions with John Jacob Astor's Pacific Fur Company provided a memorable caricature. In 1811, Astor established the first trading post near the mouth of the Columbia River, near present Astoria, Oregon. This post lasted only a couple of years, and to put the best face on the failed effort, Astor commissioned the New York writer Washington Irving (author of the memorable tales 'Rip Van Winkle' and 'The Legend of Sleepy Hollow') to chronicle the enterprise. Irving recounts a visit to Baranov by Astor's agent, Wilson P. Hunt, in August 1812:

> New Archangel…at that time was the residence of Count Baranoff, the governor of the different colonies; a rough, rugged, hospitable, hard-drinking old Russian; somewhat of a soldier; somewhat of a trader; above all, a boon companion of the old roystering school, with a strong cross of the bear.…
>
> Over [the] coasting captains,…the veteran governor exerted some sort of sway, but it was of a peculiar and characteristic kind; it was the tyranny of the table. They were obliged to join him in his "prosnics" or carousals, and to drink "potations pottle deep." His carousals, too, were not of the most quiet kind, nor were his potations as mild as nectar. "He is continually," said Mr. Hunt, "giving entertainments by way of parade, and if you do not drink raw rum, and boiling punch as strong as sulphur, he will insult you as soon as he gets drunk, which is very shortly after sitting down to table."[18]

Negotiating with Hunt and the other US- and British-based traders, or 'coasting captains', was a serious business because they were Baranov's best source of provisions for his settlements. At times, the situation became critical. The Russian ships that helped Baranov re-establish his fort, *Novo Arkhangelsk*, also

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brought Rezanov to the Pacific, carrying credentials as ambassador to Japan. The Shogun turned Rezanov away and he retreated to *Novo Arkhangelsk* for the winter of 1805–6. By February, he saw that conditions were desperate. That winter, a New England ship owner named John DeWolf sold to the Russian-American Company a ship called *Juno*, which the Company Russified to *Yunona*. Hoping to relieve the supply shortage, Rezanov commandeered the ship for a voyage to California, under the command of Lt Khvostov and Midshipman Davydov[19].

Rezanov's immediate goal was to buy provisions from the Spanish at San Francisco, but he also used the journey as an opportunity to conduct reconnaissance. He hoped to establish a permanent settlement somewhere north of San Francisco Bay, to provide a further base for fur trapping, produce grain to supply the settlements in Alaska, and extend Russian influence in North America. At Rezanov's order, *Yunona* paused briefly at the mouth of the Columbia River, but the opening was too treacherous, and the supply mission was too urgent to allow time to find a safe channel[20].

On 28 March, the *Yunona* entered San Francisco Bay and anchored outside the range of the cannon of the Spanish Presidio. Over the next six weeks, Rezanov and his officers traded manufactured goods for food with the monks from the Spanish mission, made diplomatic overtures to the Commandant of the Presidio and the Governor of *Alta California*, and reconnoitred the environs of San Francisco Bay. They finally left the place on 11 May 1806, carrying around 70 metric tons of food with them[21] and although Rezanov tried, unsuccessfully, to establish a permanent trading relationship[22], his reconnaissance provided valuable information about the territory north of San Francisco, and the meagreness of the Spaniards' resources for resisting a Russian settlement there.

An Ungovernable Sprawl

Rezanov sailed for Okhotsk that summer, in 1806, so he could return overland to St Petersburg but he died *en route* at Krasnoyarsk, on 1 March 1807. By then, he had persuaded Baranov of the advantages of establishing a colony somewhere between *Novo Arkhangelsk* and San Francisco. In 1812, the Company established a settlement called Ross, about 30 miles north of Bodega Bay and 80 miles north of San Francisco, in what is now Sonoma County, California. It comprised a fort, farms, and orchards, and had access to the sea for fishing, shipping, and trapping sea otters and sea lions. At its peak, its population was perhaps 300 (including children) who were a mixture of Russians, Aleuts, Creoles (the Russians' term for those of mixed European-Native parentage), and local Natives. A further 150 or so local Natives, not resident at the colony, were part of its broader community[23].

Figure 6: Aleksandr Andreyevich Baranov, painting by Mikhail T Tikhanov, 1818, https://home.nps.gov/subjects/islandofthebluedolphins/1814.htm

The Company also made a short-lived attempt in 1815–6 to establish colonies on Kaua`i, the only one of the major Sandwich Islands that Kamehameha had not subdued. The Company's agent, George Scheffer, tried to play Kamehameha and the holdout King Kaumauali`i of Kaua`i against one another, but only ended up annoying both kings, who expelled the Russians from the Islands in 1817.

At its greatest extent, in 1817, the Company's interests sprawled from its headquarters in St Petersburg, its offices in Irkutsk, Yakutsk, and Okhotsk, its trading presence at Kyakhta, and its holdings in Alaska – especially its main post at *Novo Arkhangelsk* – to its colonies in California and Kaua`i. Baranov resigned in 1818 and never saw Russia again. He died on the voyage home to Russia, and was buried at sea, near the Sunda Strait.

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The Company subsequently devolved into a sprawling, ossified bureaucracy. In one remarkable 1823 memorandum[24], a bureaucrat in St Petersburg proposed measures to streamline the Company's offices in Siberia and America, thousands of miles away. In particular, he criticised the Okhotsk office, which (he claimed) spent some 200,000 roubles per year to account for the activities of one or two ships. Apparently, the head of the Okhotsk office constantly added to his staff of accountants, who required food and accommodation, which added to the expenses of the office as this required additional accountants to track them. He pointed out that a reduction of staff at Okhotsk would cut costs both there and at Yakutsk, as it would reduce the need to transport supplies there.

Declining Production

In 1803, Lt Khvostov transported some 16,000 sea otter skins, representing two or three years' worth of trapping, from Kodiak to Okhotsk. Other Company ships transported almost 280,000 fur seal skins that year[25] but in 1851, the Company's total production of sea otter skins was 1,740, and of fur seals 20,500.

Figure 7: Fort Ross, now a California State Park, as it looks today. The building in the corner of the stockade is the chapel. Image: by author.

Ross, while in some ways a thriving colony, never met the Company's hopes as a supplier of furs; the sea otters in the comparatively warm Californian waters produced fur that was inferior to that of their northern cousins. Ross also fell short as a source of supply for the establishments in Alaska. The colony's gardens and orchards produced quantities of fruits and vegetables, but the cool climate and coastal fog inhibited the cultivation of grain, one of the principal objectives of the whole enterprise[26].

Eventually, the Company found it cheaper to contract with the Hudson's Bay Company to deliver supplies to *Novo Arkhangelsk*, and subsequently abandoned the settlement at Ross in 1841. In an attempt to recoup some costs, the Company proposed the sale of the fort to the Mexican authorities but General Mariano Vallejo rebuffed it, maintaining that the Russians had nothing to sell, because they were illegally occupying Mexican soil.

The Company finally withdrew from Ross and sold the fort's munitions and equipment to Johannes Sutter (on whose property the discovery that sparked the California Gold Rush would take place in 1848) for 30,000 Spanish dollars, to be paid over four years. Sutter proved an elusive debtor. By 1846, he had paid

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only a fraction of the promised sum and the Company retained William A Leidesdorff, a merchant in Yerba Buena (San Francisco), to act as collection agent[27].

In the 1840s, the Company also simplified its dealings with the Chinese trading at Kyakhta primarily for tea, the sale of which now became the Company's principal source of revenue. By 1851, it was also shipping its furs to four different destinations, in roughly equal numbers: to ports on the Pacific (including Shanghai) for trade, to Kyakhta, in exchange for tea, overland to European Russia, and by sea to Kronstadt (the port of St Petersburg).

The Company also made some attempts to diversify its business. As the US gained control over California, the Company began to sell Russian manufactures and other goods there. In February 1847, Leidesdorff, in a letter reporting on his efforts to collect from Sutter, also asks that the next Company vessel visiting San Francisco bring him blankets, broadcloth, caps, boots, and one or two thousand 'spanish segars'[28]. The Company even tried to establish a long-term contract to sell Alaskan ice to a San Franciscan concern called, almost unbelievably, the American-Russian Trading Company. None of the efforts at diversification amounted to much; the company's business was clearly in a state of decline.

The Company's annual reports to its Board of Directors became increasingly formal. Its income statements in the mid-1840s reflected annual revenues of around one million roubles (silver standard), with earnings providing a steady dividend of 15 roubles per share on 7,484 shares (112,260 roubles in total) from 1843 to 1850. By 1853, revenue had declined to about 750,000 roubles per year, but the dividend had increased to 18 roubles per share[29].

Figure 8: US Treasury Warrant for the purchase of Alaska, 1 August 1868.

In the 1850s, Russia faced a geo-political challenge in the form of the Crimean War. As war approached, the Russian-American Company and the Hudson's Bay Company entered into a remarkable, private treaty, which the Russian and British Governments chose to honour. They agreed to maintain their commercial relations and refrain from assaults on each other's possessions on the north-west coast, and on each other's ships in harbour. The agreement permitted blockades, and recognised as legal seizures of the companies' ships at sea[30]. Early in that war, in May 1854, British and French forces, largely to protect those nations' trade with Gold Rush California, entered the North Pacific. After bombarding the Kamchatka port of Petropavlovsk, they made a show of force at *Novo Arkhangelsk*, but they honoured their agreement not to attack the colony.

As the war progressed, Russia's weakness in the Far East became painfully apparent, and the presence of the British in North America loomed as an increasingly serious threat. The proceeds from the fur business no longer justified the cost and difficulty of defending Alaska – Russia had trouble enough defending Kamchatka.

Russia began negotiations to sell the territory to the United States. In US hands, the territory would become a geographic buffer between British America and the Russian Far East rather than a costly, indefensible burden. The US Civil War (1861–5) interrupted the negotiations, but on 30 March 1867 (G C), US Secretary of State William H Seward, a long-term proponent of US interests in the Pacific, signed a treaty to purchase the territory from Russia for US$7.5 million. The US Senate ratified the treaty (a Constitutional requirement) on 9 April (G C), and the sale was concluded on 1 August 1868 (G C). After 125 years in North America, Russia withdrew its eastern boundary back to Asia.

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Following the sale of Alaska, the Russian-American Company wound down quickly and on 1 April 1871, the company rendered its final report, reflecting liquidating capital of 247,875 roubles, 11 kopeks. At about the same time, British Columbia became a province of the Dominion of Canada (which was organised under the British North America Act of 1 July 1867 (G C)), establishing the modern international boundaries of North America.

Conclusion – The Limits to Resource Exploitation

During the visit of Bering's ship, the *St Peter*, to Kayak Island in the Gulf of Alaska in 1741, naturalist Georg Steller saw and recognised there a type of crested jay that resembled the blue jay, a songbird familiar in the eastern part of North America. Steller's Jay, as it was named, is darker in colour than its eastern cousin. Noting the resemblance, Steller correctly concluded that the *St Peter* had reached North America.

Figure 9: Stellers Jay. John J. Audubon, Birds of America, 1844.

Steller was a contemporary of the Swedish biologist Carl Linnaeus, the principal developer of the system of taxonomy that we still use today. In the fashion of Linnaeus, Steller made careful observations, descriptions, and drawings of his jay, along with several important sea mammals, including Steller's sea cow, Steller's sea lion, and the North Pacific sea otter. These observations and drawings provided important information for those who followed, to exploit these species as resources.

Steller's sea cow, huge, ponderous, and valuable for food, was extinct within a few decades. Sea otters, originally abundant as far west as Bering Island, receded before the advance of the Russian, British, and US trappers and traders, to the point where their populations could no longer support a viable fur trade. Even the less valuable Californian sea otter became seriously depleted.

The *raison d'être* of the Russian-American Company was to exploit 'soft gold', the fur riches of Russian America. However, it fell prey to the peril of unsustainable development and over the course of decades, the populations of fur-bearing animals collapsed. The extensive establishment of the Russian-American Company, built on millions of roubles of capital and the labour of thousands of people, ultimately took on the character of a stranded asset. By 1860, all that remained was to find the best way to liquidate the enterprise and its assets.

In recent decades, conservationists have worked to restore sea otter populations and with them, the coastal kelp forest ecosystem of which they are the keystone species. The sea otter has become something of a mascot to the Monterey Bay Aquarium, a conservation, scientific, and educational institution in Monterey, California, the coastal town that was the old Spanish and Mexican capital of California. But conservation efforts involve trade-offs. Sea otters feed upon shellfish and as the former declined, lucrative fisheries seeking clams, crabs, abalone and other species emerged. Rebounding sea otter populations have reduced the available shellfish catch, imposing economic pain on fishers and their communities. The hope is that this pain will be short-lived, and the recovery of the sea otters will stabilise the kelp forests, providing long-term environmental and economic benefits[31].

Figure 10: California sea otter. Monterey Bay Aquarium, www.montereybayaquarium.org

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Endnotes

[1] Before the Revolution of 1917, Russia observed the Julian Calendar, nearly identical to that of the Roman Senate adopted in 8 BCE. In the 16th century, advisors to Pope Gregory XIII persuaded him that the Julian plan had added too many bissextile (leap) days over the centuries, so that the Vernal Equinox, from which the Roman Church determines Easter, fell too early in March. Gregory's 1582 Papal Bull mandated a one-time adjustment, bringing the Equinox to about 21 March and eliminated leap days in century years not divisible by 400. This Gregorian Calendar is the civil calendar most in use today. In the 19th century the discrepancy between the two calendars was 12 days. Because most of the events in this case pertain to Russian activities, gleaned from Russian sources, dates are Julian unless marked (G C). Where nations using different calendars interact, dates will note the discrepancy: *e.g.* 18/30 July 1803.

[2] 'Extract of Russian American Company register of goods exported from America, 1803' (Various papers concerning the operations of the Russian-American Company). Library of Congress, https://www.loc.gov/item/mss468700152/ These skins would have been traded for goods sold in Moscow and St Petersburg for an even larger sum. A companion document, 'Register of goods exported from islands, from 1803 to 1805', https://www.loc.gov/item/mss468700151/ gives a value of 75 roubles each for sea otter skins. Pricing the ship's whole cargo from this document gives the value of 1.5 million roubles. These and other documents are part of the G V Yudin Collection of Russian-American Company Records, held at the Library of Congress, Washington DC.

[3] Per the US National Oceanographic and Atmospheric Administration: '**Amlia Pass**, a 1-mile-wide strait between Amlia Island and Atka Island, has depths of 5 to 22 fathoms through a narrow 400-yard passage restricted by a reef that extends 1 mile off the Atka Island shore. The pass should be used only by small light-draft vessels at slack water because of the strong and complex currents.' *Nazan Bay and Amlia Pass,* NOAA Booklet Chart 16490, https://www.charts.noaa.gov/BookletChart/16490_BookletChart.pdf

[4] Davydov, G I, Author, Nikolaĭ Aleksandrovich Khvostov, and A S Shishkov. Двукратное путешествіе въ Америку морскихъ офицеровъ Хвостова и Давыдова. Писанное симъ послѣднимъ. (*An Account of Two Voyages to America by the Naval Officers Khvostov and Davydov. Written by the latter.*) 1810, pp 247–8. Pdf. Library of Congress, www.loc.gov/item/2018694170/.

[5] History of operations of the Russian American Company, after 1803 (Various papers concerning the operations of the Russian-American Company), Library of Congress, Yudin Collection. https://www.loc.gov/item/mss468700153/

[6] William Coxe, *Account of the Russian discoveries between Asia and America. To which are added the conquest of Siberia, and the history of the transactions and commerce between Russia and China.* (London: Printed by J Nichols for T Cadell), 1780, pp 209–10. Available at https://archive.org/details/accountofrussian00coxe/

[7] For more detail on Bering, Steller, and *St Peter*, see O W Frost, *Bering: The Russian Discovery of America* (New Haven: Yale University Press) 2003.

[8] Berkh, Vasiliĭ Nikolaevich, Author. Хронологическая исторія открытія Алеутскихъ острововъ или подвиги Россійскаго Купечества. Съ присовокупленіемъ Историческаго извѣстія о мѣховой торговлѣ. (*Chronological History of the Discovery of the Aleutian Islands, or the Achievements of Russian Merchants. With an Historical Overview on the Fur Trade*) 1823. Pdf. https://www.loc.gov/item/2018694164/. While Berkh states that Chirikov brought sea otter skins back from his voyage, Frost (see note 7) asserts that Steller and the remnant from the *St Peter* did.

[9] Berkh, pp 2–5.

[10] Berkh, p 20.

[11] Berkh, p 72.

[12] See note 6.

[13] Berkh, p 119.

[14] Berkh, p 144.

[15] Archimandrite Ioasaf to Shelikhov, 18 May 1795, Kodiak Is. with English summary, Library of Congress, Yudin Collection. https://www.loc.gov/item/mss468700003/

[16] For a good account of Rezanov's involvement in the Russian-American Company, see Owen Matthews, *Glorious Misadventures: Nikolai Rezanov and the Dream of a Russian America* (New York: Bloomsbury USA), 2013.

[17] Sources differ as to the details of this history and primary sources are lacking. This account follows Matthews. Hector Chevigny, in *Encyclopedia Arctica 15: Biographies*, 'Nikolai Petrovich Rezanov', https://collections.dartmouth.edu/teitexts/arctica/diplomatic/EA15-59-diplomatic.html states that it was Rezanov who accompanied the missionaries as far as Irkutsk.

[18] Washington Irving, *Astoria; Or, Anecdotes of an Enterprise Beyond the Rocky Mountains*, 1836, Chapter LVII. https://www.gutenberg.org/files/1371/1371-h/1371-h.htm

[19] Extract from Logbook of the ship *Yunona* during voyage from Novoarkangel'sk to California and back. California. Signed by Lt. Khvostov, from Jan. 24, 1806 to June 9, 1806, Library of Congress, Yudin Collection, https://www.loc.gov/item/mss468700036/

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[20] *Yunona*'s pause on 18 March 1806, at the mouth of the Columbia River, was one of the great near-misses of US history. The first US-based overland expedition to the mouth of the Columbia River, under the command of Captains Meriwether Lewis and William Clark, made its camp for the winter of 1805–6 a short distance inland from the mouth of the Columbia. The Lewis and Clark expedition broke camp to return up the Columbia on 23 March (G C), just six days before the arrival of the *Yunona*.
[21] The Khvostov log records the quantity as 4,250 *poods*. A *pood* was 40 Russian pounds, about 36 English pounds. At 2.2 English pounds to the kilogram, the cargo came to about 70,000 kilos.
[22] A surprising amount of tradition surrounds the 1806 visit of the *Yunona* to San Francisco. One senior member of the expedition, German naturalist Georg Langsdorff, tradition holds, was first to converse successfully with the Spanish, speaking with the monks from the Mission in Latin. More significantly, tradition also holds that Rezanov, by then a widower, spent much of the six weeks courting Concepción, the 15-year-old daughter of Don José Dario Arguello, Commandant of the *Presidio de San Francisco*. Rezanov promised to return to St Petersburg for permission from the Tsar and the Russian Orthodox Church to marry the Roman Catholic Concepción. Rezanov died on the homeward journey across Russia, and is buried at Krasnoyarsk. Tradition remembers Concepción as never having married, instead devoting her long life to charitable works. She is buried at Benicia, California. The ill-fated romance of Rezanov and Concepción is the subject of a poem by Bret Harte, writer of stories, sketches, and poems set in early California and the Gold Rush, and of a Russian rock opera, Юнона и Авось (*Juno and Avos*), which premiered in the Soviet Union in 1981.
[23] V Potekhina, Селение Россъ (*The Village of Ross*), (St Petersburg: Printing House of the Department of Foreign Trade), 1859. https://www.loc.gov/item/73216276/
[24] Author uncertain, 'Draft on the transformation of some parts of the Company's office work in Siberia to reduce costs', St Petersburg, 8 November 1823. Library of Congress, Yudin Collection. https://www.loc.gov/item/mss468700102/
[25] Extract, Russian-American Company about shipment of furs on ships from America and the Islands, 1803. Library of Congress, Yudin Collection. https://www.loc.gov/item/mss468700152/
[26] Film buffs, and particularly devotees of Alfred Hitchcock, may find ironic Potekhina's remark that the head of the colony, Ivan Aleksandrovich Kuskov, attributed one meagre harvest to 'the multitude of birds that caused great harm to the grain' [Author's translation]. Ross was not far from Bodega Bay, the setting for Hitchcock's classic, *The Birds*.
[27] Sutter had only paid a modest amount by the time of Leidesdorff's death in 1848. In 1852, having finally collected the original 30,000, but not further sums to which the contract would have entitled it, the Company closed the matter. Thanks to Igor Polischuk of the Fort Ross Conservancy for pointing out the Sutter-Leidesdorff connection.
[28] William A L[eidesdorff] to P Kostromitinoff, Esquire, Autograph Draft, Signed, dated 'Yerba Buena, Febr. 16, 1847'. Leidesdorff Collection, Box 3, LE234. Huntington Library, San Marino, California. Thanks to Clay Stalls of the Huntington Library for unearthing this letter during the COVID-19 pandemic.
[29] Report of the Russian American Company, various years. See, for example, 'Annual Report to the Board of Directors of the Russian-American Company, one year to January 1, 1849. St Petersburg'. Library of Congress. https://www.loc.gov/item/2018689435/ . The statements from 1842 and 1843 reflect a bizarre accounting convention. The values for many items end in sevenths, or even fourteenths, of a kopek (1 kopek = 1/100 rouble). Evidently the Company conducted much of its business in paper roubles, but rendered its official reports in silver roubles. A monetary reform in 1839 fixed their relative value (for a few years) at 350 paper kopeks per silver rouble, that is, two silver roubles to seven paper roubles. For accounting purposes, the Company carried fully-depreciated items at a value of one paper rouble, and these appeared on the statements at 28-4/7 kopeks.
[30] Russian-American Company Report to the Board of Directors for the Years 1854 and 1855, https://www.loc.gov/item/2018689440/
[31] Natalie Parletta, 'Sea otters saved again: Ecosystem restoration offers lucrative financial gains.' *Cosmos*, 15 June 2020. https://cosmosmagazine.com/nature/animals/sea-otters-saved-again/

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